

EL answers to the questions concerning Commissions Communication "A policy framework for climate & energy in the period from 2020 to 2030"

Question 1: *Do delegations consider that the architecture and main elements of the proposed framework for climate and energy until 2030, and how, can drive progress towards a low-carbon economy and support a competitive EU economy and security of energy supply?*

Greece shares the same concern with the Commission on the need for CO₂ reduction, the security of energy supply, the procurement of affordable energy prices, the enhancement of competitiveness and the promotion of EU's leading role in the 2015 international climate's negotiation as well.

The proposed architecture and the main elements of the framework for climate and energy until 2030, contribute to the achievement of the ambitious targets for the reduction of CO₂ emissions in a more economically effective manner. Furthermore, we consider that a wide perception has been formulated that efforts against climate change on a global level will reinforce EU's competitiveness. Also, as far as the energy cost is concerned, we consider that it will be positively influenced through the deployment of RES and storage systems, the development of interconnections, the diversification of energy resources, the exploitation of domestic energy resources, the development of smart energy systems, as well as the increase of energy efficiency.

However, policies against climate change and energy policies should take into account competitiveness, supporting policies that ensure predictability, fair competition rules, energy efficiency and long term sustainable development.

Energy Supply: We consider that security of supply is achieved through initiatives towards market liberalization and integration. A well operated market, supported by network codes appropriately formulated to strengthen developing markets, will enhance EU's energy security providing comprehensive solutions to the current import dependency. We are fully oriented towards the achievement of our common objectives for the completion of the internal energy market by 2014 and the development of the necessary interconnections so that an end is put to any isolation of Member States from European gas and electricity networks by 2015. Also Greece shares Commission's interest for energy routes diversification, undertaking initiatives such as in the case of the TAP, a gas pipeline that will play a fundamental role in the opening of a southern gas corridor. Energy security is also enhanced by the deployment of national actions for the exploitation of indigenous energy resources. A suitable environment for attracting investments will be required.

New GHG targets and Energy intensive industries: The final GHG reduction target needs to be set wisely, while the EU should not move away from its green vision. In order to move on to an ambitious GHG target, it is critical to simultaneously properly structure incentive schemes, providing the global lead-in in European companies while meeting deep reduction targets. Special provision should be given to energy storage technology and smart energy systems, which can enable

a “third industrial revolution” engaging optimal use of RES and IT. A very ambitious target will result in significant energy cost pressures on already optimised (from an energy efficiency point of view) energy intensive users, while our trading partners will keep using cheaper energy and will start implementing energy efficiency measures as well. EU policy must carefully address Carbon Leakage, to prevent further impact on European industry competitiveness and to ensure affordability for EU society. The support of industrial competitiveness, could be also pursued through the consideration of embedded energy in the value of the traded products, in the framework of international negotiations with other countries e.g. China, India, Turkey, Russia.

Effect on poorer Member States: Might hinder recovery of the South: The analysis underpinning the Commission's Impact Assessment confirms that costs and investments would be relatively higher in lower income Member States. Such costs, if not properly subsidised, might delay or even derail recovery in the troubled and generally poorer South. Solidarity is a European principle. The principle of “common but differentiated responsibility” is already used in policy making process for special circumstances.

Any mandatory EU GHG emission reduction and/or RES penetration target decided by the EU, should be immediately reconsidered depending on the outcome of the UNFCCC COP international negotiations in Paris in December 2015. Moreover, the allocation of any mandatory climate or energy policy target among EU Member States, should consider the principle of “common but differentiated responsibility” towards identifying specific ways to assist:

- countries in an unprecedented economic recession and/or
- countries exposed at higher level of non-EU competition, particularly attributed to their geographical location.

Renewable Energy Sources: The binding target of 27% for energy produced by RES and consumed within the EU appears to be achievable. However, and due to the economic crisis, the energy solutions that should be sought after are those that are more economically feasible. In accordance with that, RES deployment should be done in regions that make the most financial sense to do so. Also, given that the EU is keen on creating a low carbon economy and that the cost of such an approach is going to have an impact on the products’ prices, specific environmental targets and indexes should be set in order to allow products that fulfill those targets to circulate inside the EU territory.

Proper and unbiased cost/effectiveness analysis needs to be undertaken regarding renewables. Renewables are promoted as a solution for a secure energy system; however the intermittent nature of renewables introduces technical challenges to the network can have (potentially) destabilising impact and adverse effects on security of supply. Therefore, RES should be linked to the deployment of energy storage technologies and use of smart systems, to more specific economic needs e.g. targets and incentives should be driven to RES with energy storage systems and desalination systems, which can create global advantage for European companies.

Energy efficiency: More systematic approach needed - Energy efficiency has proven to be the key factor with essential contribution to all of the major objectives of EU climate and energy policies: improved competitiveness; security of supply; sustainability; and the transition to a low carbon economy. The EU

could consider setting binding targets for energy efficiency, especially for Member States that have not been active so far. Energy efficiency can offer a transition path from renewables to a cost effective, market driven energy economy. High priority should be given on combining energy efficiency with behavioural shift in order to lock-in expected energy reduction, so as to avoid direct and indirect rebound effects.

Question 2: *How do delegations see the proposed combination of greater flexibility for Member States and a new governance framework, and where do they see a need for clarifications?*

Greece welcomes the greater flexibility for member states. It will create interesting dynamics in the EU and market forces, rather than ambitions, will drive investments. Flexibility will enable Member States to choose policies based on their needs, resources and capabilities.

Increased flexibility in the selection of means to achieve the emission reduction goals is welcome given the length of the time horizon and the changing international environment, and the disparity among various MS in the structure of their energy balance, their access to resources and their economic situation.

In order for the EU target regarding the RES to be achieved, Member states should undertake essential binding decisions. Given that national targets are not binding, the new framework for a "European governance" is crucial in what regards both the definition of the targets as well as their implementation.

The three-step procedure envisaged to implement the process will be critical to the success of the idea. Only rigorous assessment of Member States' plans will ensure that such plans are feasible and will deliver the necessary targets. There are still important details to be clarified e.g. priorities: By way of example, if different Member States' plans result in overinvestment in a technology (e.g. solar) what happens?

Furthermore, it should be clarified by which specific criteria the Commission will evaluate the national plans balancing issues focusing on the techno-economical needs of the European energy system, against political interests and influence.

The new governance framework should also set up rational rules, explicit guidelines and transparent procedures in order to ensure predictability for long term investments. Industry needs realistic and industry-friendly EU policies for 2030, bearing in mind the necessity for a long-term horizon for investments made in the energy infrastructure. Longer term policies need a high degree of flexibility to account for technology and societal changes in the EU and the choices made in other regions of the world.

Another matter which deserves attention is whether this new European procedure of governance is going to create additional administrative burden to the member states through constant re-evaluations of plans and even re-definition of targets towards achieving the EU goals.

Question 3: *How do delegations view the proposed set and role of indicators for monitoring and informing policy intervention?*

Greece welcomes the adoption of this cluster of indicators as a tool facilitating the monitoring of the progress over time. The list could be expanded in the future incorporating the obtained experience. As with all indicators and KPIs the key will be 1) comparisons across industries, countries, major trading partners and 2) comparison year-on-year. We would furthermore propose:

1. that the indicators proposed, particularly those on price differences, also measure the differences within the Union (with the aim to structure regional policies too) and that an indicator for energy efficiency is added too (i.e. elasticity of energy consumption vs. GDP)
2. The Commission should ensure that all Member States have in place the relevant systems and offices for the accurate measurement and timely submission of the data needed for the analysis. Well specified indicators, targeted at regional and international competitiveness as well as labour, should be introduced.
3. The current list includes mainly “positive” indicators (technological innovation, diversification of energy imports etc.). “Negative” indicators, such as *energy deficit* (exports vs imports) and *energy tariff deficits* might help Europe track and tackle better structural issues of Member States’ energy markets.
4. Crucial for the functionality of the first index (price differences between EU and major trading partners) is the data accumulation concerning prices and costs of energy in the member states as well as in the major trading partners and having prompt access to such data.
5. Moreover, creation of more indexes should be considered such as indexes for competitiveness and the maintenance and/or increase of the number of jobs available.

Regarding the competitiveness objective, we welcome Industrial Policy Communication update and the ambition to reverse the declining role of industry. We also see the key elements of the strategy, e.g. improvements in the functioning of the Internal Market, measures to increase investments in human capital and skills, etc. as a positive contribution to EU’s competitiveness. At the same time, we do not consider that one sole set of targets can resolve Europe’s competitiveness problems. Energy prices are a central issue for competitiveness, as emphasized in the European Summit conclusions on the 22nd of May 2013.